



YEARS OF GROWTH  
1960 - 2010

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

Financial Reports

December 31, 2010

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**Lanaux & Felger**

A Corporation of  
Certified Public Accountants  
Houma, Louisiana

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/25/11

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

Financial Reports

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GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

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**Required Supplementary Information**  
**(Part I)**

**Greater Lafourche Port Commission  
Galliano, Louisiana**

**Management's Discussion and Analysis  
Fiscal Year Ended December 31, 2010**

**INTRODUCTION**

This introductory section of the Greater Lafourche Port Commission's (GLPC's) annual financial report presents a narrative overview and analysis of the GLPC's financial performance for the fiscal year ended December 31, 2010, with comparative information for the fiscal year ended December 31, 2009. The discussion is intended to assist the readers in focusing on the significant financial issues and activities of the GLPC and to identify any significant changes in financial position. We encourage readers to consider the information contained in this discussion in conjunction with the GLPC's audited financial statements and associated notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

- **Assets exceeded Liabilities** at the close of the fiscal year by \$161.7 million, which are reported as **Net Assets**. This is a 10.7% increase over 2009 figures.
- Even after responding to the Deep Water Horizon/BP oil spill and subsequent government enacted drilling moratorium with a half-year 30% reduction in basic rent to all seaport tenants, **Operating Revenues** still grew by 2.6% over 2009 to \$17.7 million and are again the highest in the port's history.
- **Operating Profits** fell from 2009 figures by 4%, and the **Operating Profit Margin** declined from 26% to 24%. **Net Income Before Capital Grants, Special Items, & Extraordinary Items** was \$9.2 million equating to a margin of 52% as compared to a 2009 margin of 40%.
- **Capital Grants** for the year were almost \$6.1 million. **Grants for Emergency Repairs** were slightly less than \$1.6 million. **Grants for Operating & Maintenance Projects** were just above \$115,000.

**EXPLANATION OF THE FINANCIAL STATEMENTS**

This discussion is to introduce the GLPC's financial statements. Since the GLPC charges general public customers for the services it provides, its activities are required to be reported as a proprietary fund and specifically in an enterprise fund format. Enterprise funds utilize accrual accounting, which is the same method used by private sector businesses. Accrual accounting means that financial activities are reported as soon as the underlying events take place regardless of the timing of related cash flows. The basic financial statements also include notes essential to a full understanding of the statements.

The "Statement of Net Assets" presents information on all of the GLPC's assets and liabilities, with the difference reported as net assets. The "Statement of Activities" shows how the GLPC's net assets changed during the fiscal year. The "Statement of Cash Flows" represents cash and cash equivalent activity for the fiscal year resulting from operating, financing, and investing activities.

**Greater Lafourche Port Commission  
Galliano, Louisiana**

**Management's Discussion and Analysis (Continued)  
Fiscal Year Ended December 31, 2010**

Taken together, these three financial statements demonstrate how the GLPC's net assets have changed. Net assets are one way of assessing the GLPC's current financial condition. Increases or decreases in net assets are good indicators of whether the GLPC's financial health is improving or deteriorating over time.

**FINANCIAL STATEMENTS**

<b>Statement of Net Assets</b>	<b>2010</b>	<b>2009</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
<i>Assets:</i>				
Current Assets	\$ 49,827,825	\$ 39,712,362	\$ 10,115,463	25.5%
Capital Assets, Net	136,033,448	126,808,536	9,224,912	7.3%
<b>Total Assets</b>	<b>185,861,273</b>	<b>166,520,898</b>	<b>19,340,375</b>	<b>11.6%</b>
<i>Liabilities:</i>				
Current Liabilities	22,576,928	19,486,349	3,090,579	15.9%
Long Term Liabilities	1,542,575	880,225	662,350	75.2%
<b>Total Liabilities</b>	<b>24,119,503</b>	<b>20,366,574</b>	<b>3,752,929</b>	<b>18.4%</b>
<i>Net Assets:</i>				
Invested in Capital Assets (Net of Related Debt)	136,033,448	126,808,536	9,224,912	7.3%
Unrestricted	25,708,322	19,345,788	6,362,534	32.9%
<b>Total Net Assets</b>	<b>\$ 161,741,770</b>	<b>\$ 146,154,324</b>	<b>\$ 15,587,446</b>	<b>10.7%</b>

The GLPC's current ratio is 2.2, which means that it has over double the amount of current resources available to meet its obligations coming due within the next fiscal year. A current ratio above 1.0 is a sign of good financial viability.

Of the \$22.6 million of current liabilities, \$17.7 million or 78% are actually revenues paid in advance from port lessees that have not yet been earned according to the accrual method of accounting. These liabilities are not owed or refundable upon termination/default of lessees.

GASB 45 requirement to reflect Other Post Employment Benefits began to be booked in 2009. Actuarial approved figures were obtained from the Mercer group through the State of Louisiana Office of Group Benefits. The 12/31/10 liability is almost \$1.4 million.

The largest component of the GLPC's net assets (\$136 million or 84% of \$161.7 million) reflects its investment in capital assets (e.g. land, buildings, improvements, equipment, and construction-in-progress), less any related debt outstanding that was needed to acquire or construct the assets. The remaining \$25.7 million or about 16% are

**Greater Lafourche Port Commission  
Galliano, Louisiana**

**Management's Discussion and Analysis (Continued)  
Fiscal Year Ended December 31, 2010**

unrestricted net assets and may be used at the GLPC's discretion in accordance with its enabling legislation.

<b>Statement of Activities</b>	<b>2010</b>	<b>2009</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
<i>Operating Revenues:</i>				
Leases	\$ 17,218,194	\$ 16,746,080	\$ 472,114	2.8%
Other	508,178	524,682	(16,504)	-3.1%
<b>Total Operating Revenues</b>	<b>17,726,372</b>	<b>17,270,762</b>	<b>455,610</b>	<b>2.6%</b>
<i>Operating Expenses:</i>				
Personnel Services	4,369,090	4,272,975	96,115	2.2%
Maintenance, Supplies, & Operation of Facilities	1,246,169	1,521,886	(275,717)	-18.1%
Lease Expense - Port Fourchon	2,701,931	2,774,127	(72,196)	-2.6%
Other Operating Expenses	926,186	707,618	218,568	30.9%
Depreciation	4,224,186	3,546,937	677,249	19.1%
<b>Total Operating Expense</b>	<b>13,467,562</b>	<b>12,823,543</b>	<b>644,019</b>	<b>5.0%</b>
<b>Operating Profit/(Loss)</b>	<b>4,258,810</b>	<b>4,447,219</b>	<b>(188,409)</b>	<b>-4.2%</b>
<i>Non-Operating Inc/(Exp):</i>				
Ad Valorem Taxes (Net of Tax Assessor's Settlement & Pension Fund)	2,975,637	2,635,810	339,827	12.9%
<i>Intergovernmental Revenue:</i>				
State Revenue Sharing	35,651	35,678	(27)	-0.1%
Non-Capital Grants	1,679,148	1,778,723	(99,575)	-5.6%
Interest Earned	195,161	93,164	101,997	109.5%
Hurricane Damage Repairs	(60,241)	(2,005,483)	1,945,242	-97.0%
Gain/(Loss) on Disposal of Fixed Assets	132,362	5,839	126,523	2166.9%
Other Miscellaneous Inc/(Exp)	(20)	(643)	623	0.0%
<b>Net Non-Operating Inc/(Exp)</b>	<b>4,957,698</b>	<b>2,543,088</b>	<b>2,414,610</b>	<b>94.9%</b>
<b>Net Income before Capital Grants, Special, &amp; Extraordinary Items</b>	<b>9,216,508</b>	<b>6,990,307</b>	<b>2,226,201</b>	<b>31.8%</b>
Capital Grants	6,076,615	14,875,830	(8,799,215)	-59.2%
Special Items	(50,000)	(79,333)	29,333	-37.0%
Extraordinary Items	344,323	-	344,323	N/A
<b>Change in Net Assets</b>	<b>15,587,446</b>	<b>21,786,804</b>	<b>(6,199,358)</b>	<b>-28.5%</b>
<b>Net Assets-Beginning of Year</b>	<b>146,154,324</b>	<b>124,367,520</b>	<b>21,786,804</b>	<b>17.5%</b>
<b>Net Assets-End of Year</b>	<b>\$ 161,741,770</b>	<b>\$ 146,154,324</b>	<b>\$ 15,587,446</b>	<b>10.7%</b>

Operating revenues from leases are the GLPC's primary means of funding its ongoing operations. Lease revenues are generated from land and improvements either owned directly by the GLPC or leased to the GLPC by third party landowners. Lease revenue growth appears to have only grown meagerly by 2.6%; however, in reaction to the Deep Water Horizon/BP oil spill and associated government drilling moratorium the commission decided to reduce basic rental rates to all seaport tenants by 30% for the period of 7/1/10 to 12/31/10. The commission also decided to freeze escalations on basic

**Greater Lafourche Port Commission  
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**Management's Discussion and Analysis (Continued)  
Fiscal Year Ended December 31, 2010**

rental rates for one year. This equated to a reduction of total operating revenue of \$1,571,485. Had the commission not taken this action the operating revenue growth would have been 11.7%. Operating expenses are costs born by the GLPC in providing to the public operations and maintenance of port properties along with providing harbor police security and general administration services. In 2010, the port entered into an intergovernmental agreement with the South Lafourche Levee District to assist in the operating costs of the new Leon Theriot Locking system in the amount of \$200,000 per year for five years. Operating profit of \$4.3 million constitutes a 24% operating profit margin. The 30% reduction in basic rental revenues of \$1,571,485 also reduced the landowner's share of revenue from the port by \$250,155. This is reflected as a savings in operating lease expense by the port. Therefore, the net loss to the port of the commission's rental reduction action was \$1,321,330.

Non-operating income and expenses are items that are not derived from direct port operations such as the collection of ad valorem (property) taxes, financing & investment activities, and emergency repairs such as damages caused by hurricanes. Damages and mitigation of just over \$60,000 from Hurricane Gustav were recognized in 2010 with over \$1.5 million in grants for previous storm expenditures being approved through FEMA Project Worksheets.

Special Items are significant costs of non-operational projects *within* management's control but are either unusual in nature or infrequent in occurrence. \$50,000 was contributed to the Lafourche Parish Council to assist their cooperative endeavor agreement with DOTD for pre-construction costs of the LA 1 Elevated Highway Phase II project.

Extraordinary Items are significant costs & reimbursements *outside* of management's control and are either unusual in nature or infrequent in occurrence. In 2010 net outlays on four minor lawsuits totaled just over \$31,000. Additionally, \$375,492 was recognized as net reimbursements for port resources expended on the Deep Water Horizon/BP oil spill incident. The primary costs for these reimbursements were payroll related overtime conducted by the port's harbor police department and are reflected in the 'Operating Expenses - Personnel Services' section of the Statement of Activities.

The bottom line 2010 Change in Net Assets is a positive \$15,587,445 as compared to 2009's \$21,786,804.



**Greater Lafourche Port Commission  
Galliano, Louisiana**

**Management's Discussion and Analysis (Continued)  
Fiscal Year Ended December 31, 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>Capital Assets, Net</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>Dollar</u> <u>Change</u></b>	<b><u>Percentage</u> <u>Change</u></b>
Land	\$ 3,833,752	\$ 3,857,752	\$ (24,000)	-0.6%
Buildings	4,279,037	4,423,227	(144,190)	-3.3%
Improvements	115,484,658	109,055,771	6,428,887	5.9%
Equipment	3,536,934	2,617,672	919,262	35.1%
Subtotal	127,134,381	119,954,422	7,179,959	6.0%
Construction in Progress	8,899,067	6,854,114	2,044,953	29.8%
<b>Total</b>	<b>\$ 136,033,448</b>	<b>\$ 126,808,536</b>	<b>\$ 9,224,912</b>	<b>7.3%</b>

Additions of capital assets totaled \$114,408 exclusive of costs transferred out of Construction in Progress. Capital construction projects totaling \$11,434,615 were completed and closed out of Construction in Progress during 2010. Some of the major projects, comprising 99% of the total, are described below.

• Northern Expansion Phase IV 1,100 ft Steel Bulkhead	\$ 7,456,201
• Northern Expansion Dudley Bernard Roadway Asphaltting	1,295,184
• Northern Expansion Slip B Dredging Phase III & IV	1,228,318
• Airport Approach Lighting System	499,056
• Airport Localizer Project	381,545
• Airport Pump Station Upgrade	377,188
• <u>Airport Distance Measuring Equipment Project</u>	<u>148,426</u>
Total of 99%	<u>\$11,385,918</u>

Eighty-eight percent of the \$8,899,067 of Construction in Progress is projects listed below:

• Northern Expansion Phase IV 1,100 ft Dredging	\$2,955,463
• 2007 Homeland Security – Tower/Communications	2,032,977
• Northern Expansion mitigation, development, & MFR	1,066,437
• 2008 Homeland Security – Risk Management	915,070
• Northern Expansion Phase V 1,871 ft Steel Bulkhead	471,721
• <u>Adam 'Ted' Gisclair Roadway</u>	<u>431,251</u>
Total of 88%	<u>\$7,872,919</u>

The GLPC has no bond debt.

**Greater Lafourche Port Commission  
Galliano, Louisiana**

**Management's Discussion and Analysis (Continued)  
Fiscal Year Ended December 31, 2010**

**Budgetary Highlights**

**2010 Budget**

The original 2010 budgetary figures were amended on December 6, 2010 to reflect a reduction of net income by \$1,321,330 for the effects of the commission's decision to grant a 30% basic rental reduction to the tenants of the seaport after the Deep Water Horizon/BP oil spill and subsequent government enacted drilling moratorium.

**2011 Budget**

The GLPC's 2011 original budget projected Operating Revenues to increase by \$3,009,896 or 17% from 2010 actuals; however, due to the early year decision to continue the 30% basic rent reduction to all seaport tenants for the period of 1/1/11 to 6/30/11, Operating Revenues are only expected to increase by \$1,438,411 or 8.1%. Budgeted increases to Operating Expenses over 2010 actuals are expected to increase by 11.4%. Some of the increase can be attributed to an USACE study for \$250,000 to take over a section of Bayou Lafourche, Bayou Lafourche highway embankment stabilization for \$200,000, purchase and donation of 50% of 4,000 ft of waterline on Adam Ted Gisclair road of \$260,000, and increased depreciation on increasing capital assets.

Capital construction budget dollars of \$53.7 million are expected to produce 1,871 feet of new port bulkhead and associated dredge, the initial bucket dredging and 4,000 feet of hydraulic dredging of SLIP-C in the Northern Expansion area, and aggregate, asphalt, and water line at Adam Ted Gisclair road. Elevation and drainage improvements to Noltz J. Theriot road are budgeted but pending the award of state capital outlay funds. Also included is the construction of the South Lafourche Storm Harbor Marina and improvements to the Nerby Collins Marina bulkhead system. Airport project includes 5,000 feet of parallel taxiway paving Alpha south, taxiway connector apron, and perimeter fencing around runway. Also budgeted at the airport is the construction of two T-Hangers and FBO Terminal Building expansion. Port Security projects include a 400 foot communications tower with communication huts and a multiagency emergency response building. To assist in these capital construction projects, \$38.4 million is expected in grant funding from outside sources.

Cash is projected to decrease from \$41 million to \$31 million at the end of 2011 primarily due to GLPC's self-funded capital growth. This is a conscious strategic investment toward future years' revenue generation.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our taxpayers, tenants, and creditors with a general overview of the GLPC's finances and to demonstrate accountability to each of these groups. Questions concerning any information included in this report should be addressed to Director of Finance, Greater Lafourche Port Commission, P.O. Box 490, Galliano, LA 70354.

## Financial Section

5779 Hwy. 311  
P. O. Box 3695  
HOUMA, LOUISIANA 70361-3695  
TELEPHONE (985) 851-0883  
FAX (985) 851-3014

# Lanaux & Felger

----- CERTIFIED PUBLIC ACCOUNTANTS -----  
A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA  
MARK S. FELGER, CPA

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Greater Lafourche Port Commission  
Galliano, Louisiana

We have audited the accompanying financial statements of the Greater Lafourche Port Commission, as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Lafourche Port Commission as of December 31, 2010 and 2009 and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2011 on our consideration of the Greater Lafourche Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope or out testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Greater Lafourche Port Commission's basic financial statements. The Schedule of Per Diems Paid Board Members on page 24 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Greater Lafourche Port Commission. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lanauy: fclg

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF NET ASSETS  
ENTERPRISE FUND  
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 41,039,782	\$ 29,645,619
Investments, at market value	1,000,000	1,011,000
Receivables:		
Grants receivable from other government units	3,287,564	5,014,119
Ad valorem taxes	3,003,712	2,603,516
Lease rentals	69,203	66,964
State revenue sharing	23,767	23,785
Accrued interest	2,636	4,339
Other	119,950	71,465
Prepaid lease expense	229,148	224,229
Prepaid insurance	226,955	221,840
Prepaid materials	825,000	825,000
Other prepaid accounts	<u>108</u>	<u>486</u>
Total current assets	<u>49,827,825</u>	<u>39,712,362</u>
<b>FIXED ASSETS</b>		
Property, plant, and equipment	169,744,513	156,322,527
Less accumulated depreciation	<u>(33,711,065)</u>	<u>(29,513,991)</u>
Fixed asset, net	<u>136,033,448</u>	<u>126,808,536</u>
Total assets	<u>185,861,273</u>	<u>166,520,898</u>

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF NET ASSETS, CONTINUED  
ENTERPRISE FUND  
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 4,821,275	\$ 2,249,986
Deferred revenue:		
Advance payment of leases	17,679,849	17,158,531
Deferred grant revenues	35,314	35,314
Other current liabilities	<u>40,490</u>	<u>42,518</u>
Total current liabilities	<u>22,576,928</u>	<u>19,486,349</u>
<b>LONG-TERM LIABILITIES</b>		
Accrued compensated absences	185,725	197,979
Other post-employment benefits	<u>1,356,850</u>	<u>682,246</u>
Total long-term liabilities	<u>1,542,575</u>	<u>880,225</u>
Total liabilities	<u>24,119,503</u>	<u>20,366,574</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	136,033,448	126,808,536
Unrestricted	<u>25,708,322</u>	<u>19,345,788</u>
Total net assets	<u>\$ 161,741,770</u>	<u>\$ 146,154,324</u>

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF ACTIVITIES  
ENTERPRISE FUND  
Years Ended December 31, 2010 and 2009

	2010	2009
Operating revenues:		
Lease rental	\$ 17,218,194	\$ 16,746,080
Other user fees	503,253	520,978
Other	4,925	3,704
Total operating revenue	<u>17,726,372</u>	<u>17,270,762</u>
Operating expenses:		
Personnel services	4,369,090	4,272,975
Maintenance, supplies, and operation of facilities	1,246,169	1,521,886
Lease expense - Port Fourchon	2,701,931	2,774,127
Other operating expense	926,186	707,618
Depreciation and amortization	4,224,186	3,546,937
Total operating expenses	<u>13,467,562</u>	<u>12,823,543</u>
Operating income (loss)	<u>4,258,810</u>	<u>4,447,219</u>
Nonoperating revenues (expenses):		
Ad valorem taxes (net of tax assessor's settlement and pension fund)	2,975,637	2,635,810
Intergovernmental revenue:		
State revenue sharing	35,651	35,678
Noncapital grants	1,679,148	1,778,723
Investment income	195,161	93,164
Hurricane damage repairs	(60,241)	(2,005,483)
Gain (loss) on disposal of fixed assets	132,362	5,839
Other income (loss)	(20)	(643)
Net nonoperating revenues	<u>4,957,698</u>	<u>2,543,088</u>
Change in net assets before capital contributions, special items and extraordinary items	9,216,508	6,990,307
Capital contributions	6,076,615	14,875,830
Special items	(50,000)	(79,333)
Extraordinary items	344,323	-
Change in net assets	15,587,446	21,786,804
Net assets, beginning of year	<u>146,154,324</u>	<u>124,367,520</u>
Net assets, end of year	<u>\$ 161,741,770</u>	<u>\$ 146,154,324</u>

See notes to financial statements.



GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF CASH FLOWS - ENTERPRISE FUND

Years Ended December 31, 2010 and 2009

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operations	\$ 18,187,310	\$ 26,479,495
Cash paid to employees	(4,369,090)	(4,272,975)
Payments for goods and services	(4,894,792)	(4,950,856)
Net Cash Flows from Operating Activities	<u>8,923,428</u>	<u>17,255,664</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Tax receipts collected by other governments	2,575,441	2,474,224
Operating grants received from other governments	2,764,734	1,563,112
Payments for hurricane damage repair	(60,240)	(2,005,483)
Net Cash Flows from Noncapital Financing Activities	<u>5,279,935</u>	<u>2,031,853</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grants collected	7,097,576	16,352,784
Payments for capital acquisitions	(10,311,071)	(22,786,484)
Special items	(50,000)	(79,333)
Net Cash Flows from Capital and Related Financing Activities	<u>(3,263,495)</u>	<u>(6,513,033)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	246,431	164,127
Proceeds from sale and maturities of investments	1,011,000	600,000
Purchases of investments	(1,000,000)	(1,011,000)
Receipts of interest	196,864	95,724
Net Cash Flows from Investing Activities	<u>454,295</u>	<u>(151,149)</u>
Net Change in Cash	11,394,163	12,623,335
Cash and cash equivalents, beginning of year	29,645,619	17,022,284
Cash and cash equivalents, end of year	<u>\$ 41,039,782</u>	<u>\$ 29,645,619</u>
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities</b>		
Operating income (loss)	\$ 4,258,810	\$ 4,447,219
Add depreciation expense	4,224,186	3,546,937
(Increase)/Decrease in Current Assets:		
Rent receivables	(2,239)	(12,862)
Prepaid expenses	(9,656)	(26,019)
Miscellaneous receivables	(48,485)	21,019
Increase/(Decrease) in Current Liabilities:		
Operating accounts payable and accrued expenses	(20,506)	52,775
Advance payment of leases	521,318	9,226,595
Net Cash Flows from Operating Activities	<u>\$ 8,923,428</u>	<u>\$ 17,255,664</u>

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

**Notes to Financial Statements**

**1) Summary of Significant Accounting Policies**

The financial statements of the Greater Lafourche Port Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Commission's more significant accounting policies are described below.

- a) Reporting Entity. The Greater Lafourche Port Commission (Commission) was created under Louisiana Revised Statute 34:1651 with a nine member board elected for a term of six (6) years. The Commission has been empowered to regulate the commerce and traffic within the port area; to promote commerce within the area through the construction, acquisition and maintenance of wharves, docks, sheds, landings and waterways; to provide police protection and services for its facilities; and to lease its facilities to all types of commercial transportation, storage, and shipping industries. The Commission also sponsors the Leonard Miller Jr. Airport in Galliano. Through this sponsorship, the Commission is responsible for the maintenance and operation of the airport.

This report includes all funds which are controlled by the Commission. The Commission is financially independent and is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Commission.

- b) Basis of Presentation. The Commission's financial statements are presented in accordance with GASB Statement No. 34. This statement established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- i. Invested in capital assets, net of related debt: This component of net assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Commission has no debt attributable to its capital assets.

**GREATER LAFOURCHE PORT COMMISSION  
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**Notes to Financial Statements, Continued**

- ii. **Restricted net assets:** This component of net assets consists of constraints imposed by creditors (such as through debt covenants), contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. The Commission had no restricted net assets at December 31, 2010 or 2009.
- iii. **Unrestricted net assets:** This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."
- c) **Fund Accounting.** The Greater Lafourche Port Commission uses a proprietary fund to report on its financial position and results of operations. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities provided to outside parties are accounted for by an enterprise fund type of the proprietary fund. The Commission is accounted for as an enterprise fund.
- d) **Basis of Accounting.** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheets. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The Commission's financial statements are presented on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the Commission. Principal operating revenues are charges to tenants for rent and utilities. Principal operating expenses are lease payments to landowners, maintenance of port facilities, the costs of providing police patrols and protective services to tenants, administrative expenses and depreciation of capital assets.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after

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Notes to Financial Statements, Continued

December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The Greater Lafourche Port Commission has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

- e) Budgetary Accounting. Budgetary practices include public notice of the proposed budgets, public inspection of the proposed budget and public hearings on the budgets. Budgets are prepared based on a flow of economic resources measurement focus as explained in note 1(d) above. Budgetary control is exercised at the fund level.

State law provides that when actual revenues within certain funds are failing to meet estimated annual budgeted revenues, and/or actual expenditures within certain funds are exceeding estimated budgeted expenditures by five percent or more, a budget amendment shall be adopted by the board in an open meeting.

Budgeted amounts included in the accompanying financial statements include original adopted budget amounts and all subsequent amendments. Amendments to the budget must be approved by the Board of Commissioners. Budget amounts which are not expended lapse at year end.

Encumbrance accounting is not utilized by the Commission.

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Notes to Financial Statements, Continued

- f) Cash, Cash Equivalents and Investments. Cash and cash equivalents include amounts in demand deposit accounts and investments in the Louisiana Asset Management Pool (LAMP), which are stated at cost.

LAMP is administered by LAMP, Inc.; a not-for-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state-wide professional organizations. Only local governments within Louisiana may have an investment interest in LAMP's pool of assets. The LAMP portfolio includes only securities and other obligations in which local governments are invest under state law. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Louisiana state statutes, as stipulated in R.S. 39:1271, authorize the Commission to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the Commission to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investing is performed in accordance with investment policies complying with state statutes and those adopted by the Board of Commissioners.

Investments are stated at market value. Increases or decreases in the market value of investments are included as a component of investment income.

- g) Receivables. All receivables are recorded at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.
- h) Prepaid Expenses. Payments made to vendors for services that will benefit periods beyond the current period are recorded as prepaid expenses.
- i) Fixed Assets. Property constructed or acquired by purchase is stated at cost or estimated historical cost if actual historical cost is not available.

**GREATER LAFOURCHE PORT COMMISSION  
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**Notes to Financial Statements, Continued**

General infrastructure assets acquired prior to January 1, 2004 consist of the road network and bridge assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. Net interest costs are capitalized on major construction projects during the construction period. No interest was incurred and capitalized for the years ended December 31, 2010 and 2009. Donated assets are valued at estimated fair value at the time of donation.

The costs of normal maintenance, dredging and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of related fixed assets, as applicable.

Depreciation is computed using the straight-line method over the following useful lives:

Buildings and marine construction	10 to 40 years
Infrastructure roads	40 years
Infrastructure bridges	50 years
Machinery and equipment	5 to 10 years
Furniture and fixtures	5 to 20 years

- j) Interest Receivable. Interest receivable on investments and time deposits is recorded as revenue in the year the interest is earned.
- k) Ad Valorem Taxes and Revenue Sharing. Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed except for taxes paid under protest which are recorded in the year available. Delinquent taxes considered to be uncollectible are not recorded as revenues, consequently, no allowance for uncollectible taxes is considered necessary.

Ad valorem taxes are assessed on a calendar year basis, become due November 15<sup>th</sup> of each year and become delinquent on December 31<sup>st</sup>. The taxes are generally collected in December of the current year.

The Commission's authorized and levied ad valorem tax millage rate for 2010 and 2009 was 6.84 mills. Total taxes levied for the years ended December 31, 2010 and 2009 were \$3,186,567 and \$2,723,297 respectively.

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**Notes to Financial Statements, Continued**

State revenue sharing monies are generally received by the Commission on the 15<sup>th</sup> day of December in the year of determination and the 15<sup>th</sup> day of April and June of the subsequent year in equal installments.

- l) Compensated Absences. The Commission employees accumulate unlimited amounts of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits.

At December 31, 2010 and 2009, \$185,725 and \$197,979, respectively, have been recorded as a long-term liability which represents that portion of estimated leave which will be taken or reimbursed after the balance sheet date.

- m) Cash Flows Statement. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

2) Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31:

	Carrying Amount	
	2010	2009
Cash and demand deposits	\$ 38,899,576	\$ 27,509,108
Units in Louisiana Asset Management Pool	2,140,206	2,136,511
Total cash and cash equivalents	<u>\$ 41,039,782</u>	<u>\$ 29,645,619</u>

Custodial credit risk for deposits is the risk that in the event of a failure of a depository institution, the Commission may not recover its deposits or the securities pledged as collateral by a third-party custodian. Commission policy and state law require all deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The pledged securities are held in the name of the pledging bank in a custodial financial institution. While securities held in such a manner are considered uncollateralized (GASB Category 3), Louisiana law

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Notes to Financial Statements, Continued

imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of notice by the Commission that the fiscal agent bank has failed to pay the deposited funds upon demand. At December 31, 2010, bank balances of \$36,161,995 in excess of federal deposit insurance were secured by pledged securities held by the custodial bank in the name of the fiscal agent bank.

Units of the LAMP represent an undivided fractional interest in each of the securities held by the LAMP. Securities held by the LAMP include only debt securities issued, guaranteed or otherwise backed by the U.S. Treasury, the government of the United States, or an agency, enterprise or instrumentality thereof, and repurchase agreements collateralized by such securities.

3) Investments

Investments are carried at market value and include certificates of deposit with original maturities of three months or more. At December 31, 2010, the Commission had investments with maturities as follows:

Investment Type:	Fair Value	Maturities (in Years)	
		Less Than 1	1 to 3
Certificates of Deposit	\$ 1,000,000	\$ 1,000,000	\$ -
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>

*Interest Rate Risk.* The Commission's investment policy limits investment maturities to no more than three years as a means of managing its exposure to fair value losses resulting from rising interest rates.

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Commission's \$1,000,000 investment in Certificates of Deposit, \$300,000 in excess of federal deposit insurance is secured by pledged securities held by the custodial bank but not in the name of the Commission. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.



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Notes to Financial Statements, Continued

**Concentrations of Credit Risk.** The Commission places no limit on the amount it may invest in any one issuer. Investments of a single issuer representing more than 5 percent of the Commission's total investments at December 31, 2010 are as follows:

Investment Type	Issuer	%
Certificate of Deposit	Coastal Commerce Bank	10.0
Certificate of Deposit	South Lafourche Bank	40.0
Certificate of Deposit	State Bank & Trust	40.0
Certificate of Deposit	Whitney Bank	10.0

**GREATER LAFOURCHE PORT COMMISSION  
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**Notes to Financial Statements, Continued**

**4) Property, Plant, and Equipment**

A summary of changes in property, plant, and equipment for the years ended December 31, 2010 and 2009 follows:

	Balance 12/31/2009	Additions	Deletions and Transfers	Balance 12/31/2010
Land	\$ 3,857,752	\$ -	\$ 24,000	\$ 3,833,752
Buildings	5,980,439	-	-	5,980,439
Port facilities and improvements	134,474,476	9,979,703	77,149	144,377,030
Furniture and office equipment	473,699	33,410	13,509	493,600
Vehicles, boats, and field equipment	4,682,048	1,535,909	57,331	6,160,626
Construction in process	6,854,113	13,479,568	11,434,615	8,899,066
	<u>156,322,527</u>	<u>25,028,590</u>	<u>11,606,604</u>	<u>169,744,513</u>
Less accumulated depreciation	<u>29,513,991</u>	<u>4,254,993</u>	<u>57,919</u>	<u>33,711,065</u>
Totals	<u>\$ 126,808,536</u>	<u>\$ 20,773,597</u>	<u>\$ 11,548,685</u>	<u>\$ 136,033,448</u>
	Balance 12/31/2008	Additions	Deletions and Transfers	Balance 12/31/2009
Land	\$ 3,857,752	\$ -	\$ -	\$ 3,857,752
Buildings	5,980,439	-	-	5,980,439
Port facilities and improvements	105,632,329	28,951,135	108,988	134,474,476
Furniture and office equipment	437,430	47,027	10,758	473,699
Vehicles, boats, and field equipment	4,576,778	227,413	122,143	4,682,048
Construction in process	15,355,788	20,526,082	29,027,757	6,854,113
	<u>135,840,516</u>	<u>49,751,657</u>	<u>29,269,646</u>	<u>156,322,527</u>
Less accumulated depreciation	<u>26,026,013</u>	<u>3,571,580</u>	<u>83,602</u>	<u>29,513,991</u>
Totals	<u>\$ 109,814,503</u>	<u>\$ 46,180,077</u>	<u>\$ 29,186,044</u>	<u>\$ 126,808,536</u>

GREATER LAFOURCHE PORT COMMISSION  
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Notes to Financial Statements, Continued

Depreciation on fixed assets was \$4,254,993 for the year ended December 31, 2010, of which \$30,807 was capitalized and \$4,224,186 was charged to expense, and \$3,571,580 for the year ended December 31, 2009, of which \$24,642 was capitalized and \$3,546,938 was charged to expense.

5) Leases

The Commission leases the land on which Port Fourchon Industrial Park is built from four landowners under operating leases expiring in various years through 2056. The leases are structured to have a minimum amount of base rent with additional amounts payable as contingent rentals based on sublease rentals received by the Commission.

Minimum rental payments of approximately \$267,108 and \$256,149 were included in lease expense of \$2,701,931 and \$2,774,127 for the years ended December 31, 2010 and 2009, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2010 for each of the next five years are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2011	\$ 277,338
2012	288,080
2013	298,203
2014	310,045
2015	255,672
Thereafter	<u>1,881,211</u>
Total minimum future rental payments	<u>\$ 3,310,549</u>

Total minimum future rental payments have not been reduced by sublease rentals to be received in the future under non-cancelable subleases.

6) Port Lease Rentals

The Commission leases sites situated on Port Fourchon to businesses operating primarily in the oil and gas and seafood industries. The number of lessees as of

GREATER LAFOURCHE PORT COMMISSION  
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Notes to Financial Statements, Continued

December 31, 2010 and 2009 was ninety-nine and ninety-five, respectively. The Commission received 28% and 34% of its lease revenues from one lessee for the years ended December 31, 2010 and 2009, respectively. In general, lease contracts state that in each year of the primary term or any extended option term, rental payments to the Port shall escalate at rates varying from 2% to 5% of the rental paid in the preceding year, unless other arrangements are negotiated.

Based on existing leases at December 31, 2010, minimum lease rentals on non-cancelable leases to be received over the next five years are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2011	\$ 5,596,733
2012	1,980,496
2013	1,653,742
2014	1,405,241
2015	<u>1,301,015</u>
Total	<u>\$ 11,937,227</u>

7) Pension Plans

Nearly all full-time employees of the Greater Lafourche Port Commission participate in the Louisiana State Employees Retirement System (LASERS), a cost sharing multiple-employer public employee retirement system.

Plan Description: The LASERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and disability benefits. Five years of service credit is required to become vested for survivor benefits. Benefits are established and amended by state statute. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the LASERS. That report may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213 Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Funding Policy. Plan members are required to contribute a percentage of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. Member contributions and employer contributions for the LASERS are established by state law and rates are established by the Public

**GREATER LAFOURCHE PORT COMMISSION  
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**Notes to Financial Statements, Continued**

Retirement Systems' Actuarial Committee. The Commissions' employer contribution for the LASERS is funded through annual appropriations.

Contributions required and made to the LASERS were as follows:

Fiscal year ended December 31,	2010	2009	2008
Member contribution	8.0%	8.0%	7.5%
Employer contribution			
January - June	18.6%	18.5%	20.4%
July - December	22.0%	18.6%	18.5%
Member contribution	\$ 136,328	\$ 140,325	\$ 139,168
Employer contribution	\$ 364,665	\$ 343,544	\$ 357,447

One employee is a member of the Teachers' Retirement System of Louisiana (TRSL), a cost sharing multiple-employer public employee retirement system. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446. Employer contributions to the TRSL were \$7,147 (15.5% and 20.2% of covered payroll from January through June and July through December, respectively) and employee contributions were \$3,198 (8.0% of covered payroll) for the year ended December 31, 2010.

**8) Non-cash Investing and Financing Activities**

There were no non-cash investing and financing activities for the years ended December 31, 2010 and 2009.

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**Notes to Financial Statements, Continued**

**9) Construction Commitments**

At December 31, the Commission had the following commitments on construction and maintenance projects in progress:

2010			
Project description	Estimated total cost	Costs incurred to date	Estimated % funded by other entities
GA Connector Taxi Line	\$ 447,010	\$ 50,817	0%
Perimeter Fence at Airport	240,147	179,227	0%
Adam Ted Gisclair Road and Waterline	779,921	40,756	0%
NE Slip B 1,871' Bulkhead, Phase V	10,166,124	-	90%
NE Slip B 1,100' Dredging & Flotation Canal	4,496,306	2,955,463	23%
	<u>\$ 16,129,508</u>	<u>\$ 3,226,263</u>	

2009			
Project description	Estimated total cost	Costs incurred to date	Estimated % funded by other entities
Airport Approach Lighting System	\$ 394,206	\$ 77,292	0%
NE Bulkhead Slip B - 1,100 ft.	6,999,900	3,590,498	71%
NE Slip B Dredging - Phase III & IV	1,142,500	907,178	80%
Dudley Bernard Roadway Asphalt	1,158,495	81,394	0%
	<u>\$ 9,695,101</u>	<u>\$ 4,656,362</u>	

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Notes to Financial Statements, Continued

11) Risk Management

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. To manage these risks, the Commission has obtained coverage from commercial insurance companies. During 2010 and 2009, there were no claims in excess of insurance coverage.

12) Extraordinary and Special Items

Special items consist of expenses incurred in connection with a cooperative endeavor agreement related to a state highway project. Extraordinary items consist of reimbursements and expenses related to the Deepwater Horizon/ BP oil spill incident and litigation on third-party construction issues.

13) Other Postemployment Benefits

Plan Description. The Greater Lafourche Port Commission's Group Insurance Plan extends postemployment medical and life insurance benefits to qualifying retirees through the Office of Group Benefits (OGB). Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is an agent multiple-employer defined benefit OPEB plan. Louisiana Revised Statute (R.S.) 42:801-833 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in the Louisiana Comprehensive Annual Report.

Funding Policy. Beginning January 1, 2009, the Commission prospectively implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45), which requires the liability for these benefits be accrued as they are earned by employees.

The contribution requirements of plan members and the Commission are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contributions amounts vary depending on what healthcare provider is selected for the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees: The Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan, and the Health Maintenance Organization

**GREATER LAFOURCHE PORT COMMISSION  
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**Notes to Financial Statements, Continued**

(HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans – one HMO plan and one private fee-for-service (PFFS) plan, offered by two companies. Depending upon the plan selected, during the fiscal years ended December 31, 2010 and 2009, monthly employee premiums ranged from \$152 to \$454.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life and Employee Accidental Death and Dismemberment (AD&D) coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

**Annual Required Contribution.** The Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year plus an amount necessary to amortize any unfunded actuarial liabilities over a period of thirty (30) years. A 30-year percentage of projected payroll amortization method with a closed amortization period has been used. The total ARC for the fiscal year beginning January 1, is set forth below:

	2010	2009
Normal cost	\$ 454,308	\$ 454,308
Interest cost	29,076	27,856
Amortization of UAL	242,084	242,085
Annual required contribution	<u>\$ 725,468</u>	<u>\$ 724,249</u>

**Net Post Employment Benefit Obligation.** The Commission's Net Other Post Employment Benefit (OPEB) Obligation for the fiscal year ended December 31, follows:

	2010	2009
Beginning net OPEB obligation	\$ 682,246	\$ -
Annual required contribution	725,468	724,249
Contributions made (retiree premiums)	<u>(50,864)</u>	<u>(42,003)</u>
Ending net OPEB obligation	<u>\$ 1,356,850</u>	<u>\$ 682,246</u>



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Notes to Financial Statements, Continued

For the fiscal years ended December 31, 2010 and 2009, the Commission contributed 7.0% and 5.8%, respectively, of the OPEB cost using the pay-as-you-go method.

**Funded Status and Funding Progress.** Neither the Commission nor the State of Louisiana has established a benefit plan trust or made any contributions to this plan other than its current share of retiree premiums. At December 31, 2010, the plan has no assets and its funded ratio is zero. At July 1, 2008, the date of its most recent actuarial valuation, the Actuarial Accrued Liability (AAL) – the portion of the actuarial present value of post employment benefits not provided by normal cost – was \$6,335,200. Since the plan has no assets, the entire AAL is unfunded. Covered payroll of active plan members was \$1,839,479 and the Unfunded AAL (UAAL) was 344% of covered payroll.

**Actuarial Methods and Assumptions.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend rate. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 9.5%, scaling down to an ultimate rate of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 is twenty-eight years.

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

14) Subsequent Events

Management evaluates events subsequent to the date of the financial statements in determining the accounting disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 11, 2011, the date the financial statements were available for issuance.

**Required Supplementary Information**  
**(Part II)**

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
ENTERPRISE FUND  
Year Ended December 31, 2010

	Budget Original	Budget Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Operating revenues:				
Lease rentals	\$ 19,108,093	\$ 17,536,608	\$ 17,218,194	\$ (318,414)
Loading dock fees	491,000	491,000	503,253	12,253
Other	1,800	1,800	4,925	3,125
Total operating revenue	<u>19,600,893</u>	<u>18,029,408</u>	<u>17,726,372</u>	<u>(303,036)</u>
Operating expenses:				
Personnel services	4,571,406	4,571,406	4,369,090	202,316
Maintenance, supplies, and operation of facilities	1,904,971	1,904,971	1,246,169	658,802
Lease expense - Port Fourchon	2,967,312	2,717,157	2,701,931	15,226
Other operating expense	981,604	981,604	926,186	55,418
Depreciation and amortization	6,245,955	6,245,955	4,224,186	2,021,769
Total operating expenses	<u>16,671,248</u>	<u>16,421,093</u>	<u>13,467,562</u>	<u>2,953,531</u>
Operating income (loss)	<u>2,929,645</u>	<u>1,608,315</u>	<u>4,258,810</u>	<u>2,650,495</u>
Nonoperating revenues (expenses):				
Ad valorem taxes (net of tax assessor's settlement and pension fund)	2,415,000	2,415,000	2,975,637	560,637
Intergovernmental revenue:				
State revenue sharing	35,000	35,000	35,651	651
Noncapital grants	11,112,799	11,112,799	1,679,148	(9,433,651)
Investment income	50,000	50,000	195,161	145,161
Hurricane damage repairs	(15,268,780)	(15,268,780)	(60,241)	15,208,539
Gain (loss) on disposal of fixed assets	-	-	132,362	132,362
Other income (loss)	-	-	(20)	(20)
Net nonoperating revenues	<u>(1,655,981)</u>	<u>(1,655,981)</u>	<u>4,957,698</u>	<u>6,613,679</u>
Change in net assets before capital contributions, special, and extraordinary items	<u>\$ 1,273,664</u>	<u>\$ (47,666)</u>	<u>9,216,508</u>	<u>\$ 9,264,174</u>
Capital contributions			6,076,615	
Special items			(50,000)	
Extraordinary items			<u>344,323</u>	
Change in Net Assets			<u>15,587,446</u>	
Net Assets - beginning of year			<u>146,154,324</u>	
Net Assets - end of year			<u>\$ 161,741,770</u>	

Greater Lafourche Port Commission  
 Schedule of Funding Progress  
 Postemployment Benefit Plan (OPEB)  
 For the Year Ended December 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2007	N/A	N/A	N/A	N/A	N/A	N/A
July 1, 2008	-	\$ 6,335,200	\$ 6,335,200	0%	\$ 1,829,828	346%
July 1, 2009	-	\$ 6,335,200	\$ 6,335,200	0%	\$ 1,839,479	344%

## **Supplementary Information and Reports**

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Schedule of Per Diems Paid Board Members

Year Ended December 31, 2010 and 2009

<u>Board Member</u>	<u>2010</u>	<u>2009</u>
Ervin J. Bruce	\$ 10,650	\$ 8,200
Harris Cheramie	10,800	8,150
Wilbert Collins	10,500	8,000
Perry Gisclair	10,800	8,150
Larry J. Griffin	10,800	8,200
Jimmy Guidry	10,800	8,200
Jimmy Lafont	10,800	8,200
John J. Melancon, Sr.	7,650	8,200
John J. Melancon, Jr.	1,050	-
Donald J. Vizier	<u>10,800</u>	<u>8,200</u>
	<u>\$ 94,650</u>	<u>\$ 73,500</u>

**GREATER LAFOURCHE PORT COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended December 31, 2010

Federal Granting Agency/Recipient State Agency/Grant Program	GRANT NUMBER	CFDA NUMBER	FEDERAL EXPENDITURES
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Direct payment from Department of Military Affairs</u>			
Port Security Grant Program	various	97.056	\$ 1,095,473
<u>Pass through payment from Governor's Office of Homeland Security and Emergency Preparedness</u>			
<u>Public Assistance Grants</u>			
Various projects	various	97.036	11,591
Total program expenditures			<u>\$ 1,107,064</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Greater Lafourche Port Commission, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



## A) SUMMARY OF AUDIT RESULTS

- B) FINDINGS – FINANCIAL STATEMENTS AUDIT**  
None.

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5779 Hwy. 311  
P. O. Box 3695  
HOUMA, LOUISIANA 70361-3695  
TELEPHONE (985) 851-0883  
FAX (985) 851-3014

# Lanaux & Felger

--- CERTIFIED PUBLIC ACCOUNTANTS ---  
A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA  
MARK S. FELGER, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Greater Lafourche Port Commission  
Galliano, Louisiana

We have audited the financial statements of the Greater Lafourche Port Commission as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated May 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Greater Lafourche Port Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Greater Lafourche Port Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Greater Lafourche Port Commission's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of control deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily

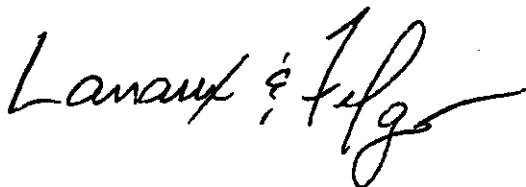
identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greater Lafourche Port Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Greater Lafourche Port Commission, the State of Louisiana and the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

May 11, 2011

A handwritten signature in black ink, appearing to read "L. A. & T. J. G." with a stylized flourish at the end.

5779 Hwy. 311  
P. O. Box 3695  
HOUMA, LOUISIANA 70361-3695  
TELEPHONE (985) 851-0883  
FAX (985) 851-3014

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— CERTIFIED PUBLIC ACCOUNTANTS —  
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MARK S. FELGER, CPA

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Greater Lafourche Port Commission  
Galliano, Louisiana

### Compliance

We have audited the compliance of the Greater Lafourche Port Commission with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 "Compliance Supplement" that are applicable to its major federal programs for the year ended December 31, 2010. The Greater Lafourche Port Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major program is the responsibility of the Greater Lafourche Port Commission's management. Our responsibility is to express an opinion on the Greater Lafourche Port Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Greater Lafourche Port commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on the Greater Lafourche Port Commission's compliance with those requirements.

In our opinion, the Greater Lafourche Port Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2010.

The management of the Greater Lafourche Port Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Greater Lafourche Port Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Greater Lafourche Port Commission's internal control over compliance.

**Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.**

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**GREATER LAFOURCHE PORT COMMISSION  
SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended December 31, 2010**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

**2009-1 Depreciation**

*Condition:* An error in calculating depreciation expense resulted in an overstatement of depreciation in expense in 2008.

*Recommendation:* Procedures should be implemented to review the calculation of depreciation and consideration should be given to acquiring specialized depreciation software.

*Status:* Management has implemented procedures to review the calculation of depreciation expense and is currently evaluating depreciation software packages.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

There were none reported for the year ended December 31, 2009.

**SECTION III MANAGEMENT LETTER**

No management letter was issued for the year ended December 31, 2009.

**GREATER LAFOURCHE PORT COMMISSION  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2010**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENT**

No findings were reported which require a response from management.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

No findings were reported which require a response from management.

**SECTION III MANAGEMENT LETTER**

No management letter was issued for the year ended December 31, 2010.